

CHICAGO COWORKING

The Space Race

A GLIMPSE INTO THE EFFECTS OF NON-COMPETES
WITHIN THE COWORKING INDUSTRY.

WHAT'S A NON-COMPETE?

Non-compete's (NC) reduce available building options. As a legally-binding clause within a lease contract it prevents certain competitors from locating in the same building.

As a result of non-competes, coworking firms control **18X** what they occupy.

OVERALL COWORKING IN CHICAGO'S CBD



2.6 MSF
is occupied by
coworking
(2% of the CBD)

43.4 MSF
is restricted
by NC
(33% of the CBD)



30
coworking
companies

20
coworking
companies hold
at least one NC



86
buildings have
a coworking
tenant

61
buildings have
NC currently in
place



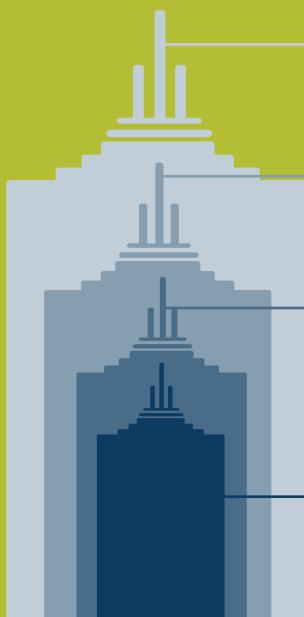
84
new coworking
leases signed
since 2012
(includes renewals
and expansions)

11
new leases have
already signed for
occupancy in
2019 or 2020

THE NON-COMPETE REALITY

Class A Breakdown

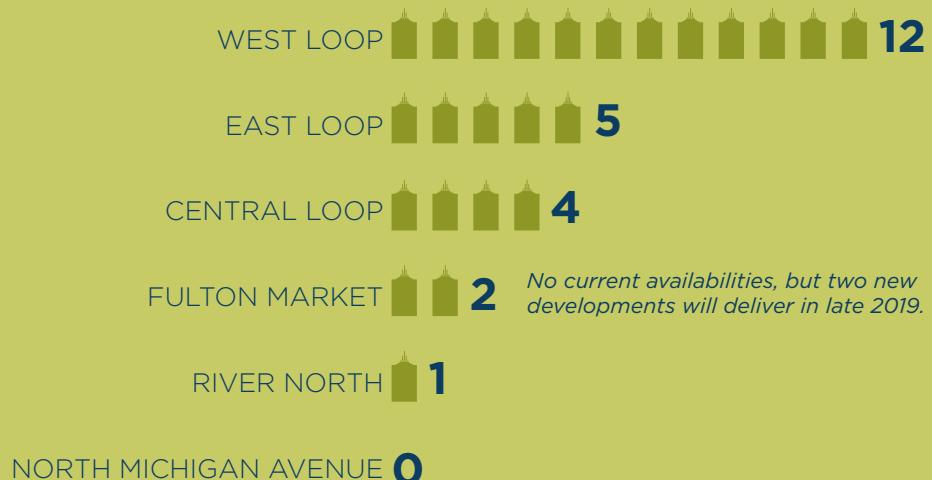
NON-COMPETES ARE RESTRICTING THE MOST DESIRABLE ASSETS



- 86 CLASS A BUILDINGS exist in the CBD
- 51 CLASS A BUILDINGS do not have a non-compete in-place
- 41 CLASS A BUILDINGS currently do not have a coworking tenant*
- What does this mean?*
- 22 CLASS A BUILDINGS have sufficient available space for coworking firms**



A TYPICAL CLASS A OFFICE TENANT HAS **5X** MORE BUILDING OPTIONS THAN YOU



OPTIONS BY SUBMARKET

Coworking hot spots, West Loop and River North, account for 50% of the coworking inventory in the CBD. As non-competes quietly removed space from the market, 12 Class A options in West Loop exist while only one remains in River North.

The fate of coworking is clear — space and time are limited. **Five buildings** will be left by 2020.

*Tenants leasing more than 10,000 sf+.

**Availabilities consisting of 25,000 sf+.

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